Visitor Levy

Came into force on the 1st October for stays from 1st July 2027 onwards and the levy amount is 5%.

It is important to understand what part of your rental income is subject to the levy. The levy is on the total rental income less any element of VAT.

If you use an Online Travel Agent (OTA), they will charge you commission. That commission will include an element VAT. The VAT element is not subject to the levy.

Once your OTA has taken their commission you get the balance. If you are not a VAT registered business, the levy is charged on the income you receive plus the OTA commission but excluding the VAT part of the commission.

Things are slightly different if you are a VAT registered business. The difference is that as a VAT registered business the rental income you receive from the OTA includes an element of VAT which you must submit to HMRC. Therefore, the leviable amount is less but there is a catch. As a VAT registered business, you must add VAT to the levy and send it to.....HMRC.

This difference is important because to recover all the costs of the levy, as a VAT registered business, you need to charge the visitor not 5% but 6%. In effect you are charging the levy on a smaller amount because more VAT has been excluded but then you must add VAT to the levy.

WDC held a Teams meeting on 19th September to advise us how the visitor levy would work. I asked 3 questions about vat, which they were unable to answer. I followed this up with an email. The reply gave contradictory and incorrect advice.

On 14th October I told them how I understood it should be calculated and asked them to confirm that my calculation was correct. This was referred to their legal team and despite several emails from me, I have heard nothing back.

I have told them that I am unable to conform to the legislation and advise customers how much levy they will have to pay until WDC confirm what is leviable.

Other points to note are

- The levy will be the same for 1 person staying in a property or 10 people.
- customers on disability allowance must pay the levy but can claim it back from WDC. Make sure the booking is always in the name of someone on disability allowance!

- WDC has the ability to cap the levy – we should ask if they intend to do this.
- The rent should not be increased to cover the levy otherwise the increased rental will be subject to the levy. The levy should be shown separately to avoid this happening.